

**RYAN PREPARED OPENING STATEMENT
CBO'S LONG-TERM BUDGET PROJECTIONS
DECEMBER 13, 2007**

- I want to thank Chairman Spratt for going forward with this hearing today, in the midst of what is surely a challenging week.
- By my count, we've had nearly 10 hearings on this subject this year, and I don't think there is any other issue on which our time could have been better spent. Long after today's spending and tax and economic issues have been resolved, this problem will still be with us – and getting worse with each year we fail to address it.
- So Chairman Spratt – and I mean this sincerely – thank you. I think you've done us all a great service.
- As this Committee knows all too well – and as Director Orszag will remind us today – the single largest threat to our nation's long-term economic health is the unsustainable path of federal spending – and particularly entitlement spending.

- Let's review some facts:
- Today, spending by the Federal Government consumes about one out of every *five* U.S. dollars. If left on its current path, by 2050, Federal spending will absorb nearly one out of every *two* dollars – *about half of our entire economy*.
- Now, every dollar the government spends is a dollar no longer available for generating growth in the economy. So if we get to that level of spending – whether it's financed by taxes, or borrowing, or some combination of the two – it will cripple the U.S. economy, and any hope we have to compete, let alone lead, in the world market.
- That's why those of us who call ourselves Conservatives want to leverage more of our economic strengths to fulfill our most important domestic priorities – rather than relying solely on costly government programs that we know, right now, cannot keep their promises.

- As we all know, the core of the problem consists of three major programs: Social Security, Medicare, and Medicaid. As currently structured – assuming no *new* programs or benefits – these three programs alone, by mid-century, will consume as much as the *entire* Federal Government does today. And, of course, that doesn't account for any of the massive entitlement *expansions* – health care or otherwise – currently being considered.
- This will happen at a time when nearly 80 million baby boomers are retired or retiring – meaning they will be *drawing* resources from the economy rather than *contributing* to it. And there will be a shrinking number of workers in the system to support this ballooning number of retirees.
- None of this is news – we've been aware of this problem for decades. A couple of years ago, we passed the Deficit Reduction Act, which contained some very worthy reforms, and saved about \$40 billion over 5 years. I'm glad we took that necessary step, and I was proud to support it. But let's face it – that \$40 billion is just a drop in the tidal wave of entitlement spending we're facing.

- This problem really should be a major part of the national debate right now – and it is my sincere hope that it will become a prominent topic in the presidential and congressional campaigns in the coming year. It’s exactly the kind of major policy challenge that political campaigns *should* address.
- At this point, I think everyone understands that 1) we have a problem, and 2) it’s that our largest entitlements are unsustainable, and must be reformed. I think it is inexcusable at this point for any Member not to be clear on those points.
- With that in mind, I’d like to shift the focus of the discussion to *solutions*. And I’ll offer four principles that I believe should guide us.
- First, we need to address the problem *comprehensively*. Dealing with these problems piecemeal, or timidly chipping around the edges, simply won’t work. The problem is too big.
- Second, as far as possible we should employ the principle of *ownership* – giving individuals more control, and more choices. This works nearly everywhere else in our economy – why not in these issues too?

- Third, we can, and we must, provide the *security* of a reliable safety net for those who are truly vulnerable. I think we would all agree about that.
- And fourth, we've got to do all this in a way that promotes our nation's economic growth and *competitiveness* – especially by developing a tax code that truly rewards the things that work best for long-term prosperity: work, saving, and investment.
- Now, if all of that sounds a little ambitious, it's because it *is*. But I honestly believe that, if we want to fulfill the missions of these entitlements programs, we'll need to be creative, bold, and willing to restructure them fundamentally – because that's what it's going to take.
- And frankly, I'm still optimistic about all this. It has always been the ingenuity of investors, the resilience of free enterprise, and the productivity of American workers that have created opportunities, raised our standards of living, expanded our horizons, and left the next generation better off.

- That gives me confidence that this challenge – daunting as it is – is an *opportunity* to truly make things better.
- Director Orszag, I look forward to your testimony today, and hope that it will remind all of us of how crucial this subject really is.